Tasty plc

("Tasty" or the "Company")

Preliminary results for the 53 weeks ended 1 January 2017

- Revenue up 28% to £45.8m (2015: £35.8m)
- Gross profit up 26% to £5.3m (2015: £4.2m)
- Headline operating profit before pre-opening costs and non-trading items was up 21% to £4.8m (2015: £4.0m)
- Thirteen Wildwood and Wildwood Kitchen restaurants opened during the period
- Since the year end the Company has opened a further two Wildwood sites and there are a further two Wildwood sites that are due to open imminently
- Trading since year has proved challenging and the Directors are now expecting headline operating profit for 2017 to be below that achieved in 2016

28 March 2017

Enquiries:

Tasty plc	Tel: 020 7637 1166
Jonny Plant, Chief Executive	
Cenkos Securities	Tel: 020 7397 8927
Bobbie Hilliam	
Harry Pardoe	

This announcement contains inside information.

Chairman's statement

I am pleased to be reporting on the Group's annual results for the 53 week period ended 1 January 2017 and the comparative 52 week period ended 27 December 2015.

Results

The Group continued its expansion this year with revenue increasing 28% on last year to

£45,847,000 (2015 - £35,794,000). Headline Operating profit was £4,792,000 up from £3,951,000 in the previous period and pre-opening costs for the period totalled £642,000 (2015 - £644,000).

The Board does not recommend the payment of a dividend at this stage of the Group's development.

Openings

Thirteen Wildwood restaurants were opened during the year: Abingdon, Braintree, Letchworth and Ilkley all opened in the first half of the year. Crawley, Cheam and Lincoln opened in Quarter three and Bournemouth, Llandudno, Worcester Park, Edinburgh, York and Northwich all opened in Quarter four.

Since the year end the Company has continued its expansion programme with two new sites opened, two sites under construction and a number of other sites at various stages of completion and negotiation.

Review of the business

The Group has implemented its programme of operational improvements during the period which has included changes to the central kitchen infrastructure and upgrades to a number of key systems. Appointments have been made across the Group in: Operations, Marketing, Finance and HR departments to support future openings and the Group's expansion. The Group websites and the wider digital marketing strategy continue to be developed as planned.

During the year the Group undertook a comprehensive review of its estate and has recognised impairment charges against a number of sites. Turnaround strategies have been implemented at these sites in an effort to bring performance of these restaurants in line with the rest of the estate. Overall, the Group traded in line with expectations. After taking into account all non-trade adjustments the Group has a stated loss after tax for the period of £848,000 (2015 - profit £2,467,000)

At the end of the period the Group operated 61 restaurants. Currently, the Group has 63 restaurants in operation - 7 Dim T and 56 Wildwood.

Cash flows

Net cash outflow for the period before financing was £6,883,000 (2015- £4,759,000). This is largely represented by capital expenditure on the expansion of the business through the opening of the above sites. Cash flows generated from operations were £5,368,000 (2015 - £5,076,000).

During the year the Group updated its banking facility with Barclays, increasing the facility to £12,000,000 (2015 - available facility of £8,000,000) to be used for future capital expenditure. As at 1 January 2017 the Company had drawn £7,000,000 of the available facility.

The Company issued Ordinary shares during the period resulting in a cash inflow of £8,630,000 (2015 - £52,000). Cash and cash equivalents held at the end of the period were £5,004,000 (2015 - £2,221,000). The Group is cash generative and has a strong capital footing for the future.

Pre-opening costs and accounting adjustments

Pre-opening costs have been highlighted in the income statement as these costs represent revenue expenses, such as rent, rates and training costs, which are necessarily incurred in the period before a new unit is opened, but which are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

The Group recognises a number of charges in the accounts which arise under accounting rules which have no transactional cash impact. These charges include share based payments.

Staff

As ever, it is our dedicated staff that have contributed significantly throughout the year to the Group's much improved performance, and I would like to take this opportunity of thanking them again for their hard work and effort.

Current Trading

Post year end trade has been below expectations and the Directors believe that the trading environment for the coming 12 months will remain challenging. As a result, the Group has revised down the planned number of openings for the current year from 15 to 7 and expects that headline operating profit will be below that achieved in 2016. The Group is undertaking a full review of the estate and operational structure and is implementing a number of strategies to improve performance.

The Directors believe the Group's core 'Wildwood' brand remains attractive to customers and the Group is taking positive action to address the expected financial performance and ensure growth in the future.

Keith Lassman

Chairman

28 March 2017

Strategic report for the 53 weeks ended 1 January 2017

Business review

Revenue for the period increased 28% on last year to £45,847,000 (2015 52 weeks - £35,794,000). Headline EBITDA before pre-opening costs and non-operating items was £7,070,000 (2015 - £5,831,000). Pre-opening costs for the period totalled £642,000 (2015 - £644,000).

In the previous period the Group identified a number of structural improvements that needed to be made in response to the growing number of sites being operated. Structural changes are still ongoing and are set to be completed in H1 of 2017.

In order to simplify the roll out plan, improve operational performance and to recognise a number of cost savings all Wildwood Kitchen sites were converted into Wildwood sites during Quarter 4 resulting in exceptional costs of £55,000 (2015 - £nil).

A number of site impairments have been made during the year, primarily of Wildwood Kitchen sites opened in 2014 and 2015 resulting in an impairment charge of £3,576,000 (2015 - £nil). The Group has implemented turnaround strategies at these sites, including rebranding, in an effort to bring performance of these restaurants in line with the rest of the estate and will be assessing the success of these changes in the coming months and will take additional corrective steps where necessary.

In order to meet the increasing challenges of maintaining brand values as the geographical footprint of the Group grows, an extensive management training programme has been designed and implemented. Focussed on the store management team, the 4 week programme has had a very positive response from staff and is one of a number of strategies that the Group is using to increase staff engagement and reduce employee turnover.

Overall, the Group traded in line with expectations for the period. Margins for the year have been depressed as a result of the one off structural improvement programme that has been undertaken. Headline operating profit increased in the year to £4,792,000 (2015 - £3,951,000) and the group achieved a pre-tax loss (after exceptional items) of £88,000 (2015 - profit £3,067,000).

Key performance indicators

The Directors utilise a large number of detailed performance indicators which are used to manage the business but, as with most businesses, the focus in the income Statement at the top level is on sales, Headline EBITDA and Headline operating profit compared to budget and the previous year. Increase in revenue and Headline operating profit are in line with expectations and are achieved as a result of the Group's expansion plan.

The Directors recognise the importance of customer relations and staff are extensively trained in this regard. Performance is monitored by reference to the results of regular mystery diner visits and staff bonuses are calculated with the results and comments arising from these visits and other customer feedback.

Consolidated statement of comprehensive income

for the 53 weeks ended 1 January 2017

	Note	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Revenue		**45,847**	35,794
Cost of sales		**(40,570)**	(31,594)
Gross profit		**5,277**	4,200
Administrative costs		**(485)**	(249)
Headline Operating profit		**4,792**	3,951
Pre-opening costs		**(642)**	(644)
Share based payments	5	**(100)**	(133)
Exceptional costs - rebranding	5	**(55)**	-
Exceptional costs - impairment of lease premiums	5	**(294)**	-
Exceptional costs - impairment of property, plant and equipment	5	**(3,576)**	-

Operating profit	4	**125**	**3,174**
Finance income		**1**	9
Finance expense	6	**(214)**	(116)
Profit / (loss) before tax		**(88)**	3,067
Income tax	9	**(760)**	(600)
Profit / (loss) and total comprehensive income for period attributable to owners of the parent		**(848)**	2,467

Earnings per share attributable to the ordinary equity owners of the parent			
Basic	10	**(1.56p)**	4.64p

Consolidated statement of changes in equity

for the 53 weeks ended 1 January 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained profit £'000	Total £'000
Balance at 28 December 2014	5,305	13,336	992	(1)	19,632
Issue of ordinary shares	17	35	-	-	52
Total comprehensive income for the period	-	-	-	2,467	2,467
Share based payments	-	-	-	133	133
Balance at 27 December 2015	5,322	13,371	992	2,599	22,284
Issue of ordinary shares	653	7,977	-	-	8,630
Total comprehensive income for the period	-	-	-	(848)	(848)
Share based payments	-	-	-	100	100

Balance at 1 January 2017	5,975	21,348	992	1,851	30,166

Consolidated balance sheet

at 1 January 2017

		1 January 2017 £'000	**27 December 2015 £'000**
Non-current assets			
Intangible assets	12	**473**	470
Property, plant and equipment	13	**34,200**	28,496
Pre-paid operating lease charges	14	**1,861**	1,936
Other non-current assets		**279**	148
		36,813	31,050
Current assets			
Inventories	16	**2,465**	1,812
Trade and other receivables	17	**4,390**	2,529
Pre-paid operating lease charges	14	**124**	140
Cash and cash equivalents		**5,004**	2,221
		11,983	6,702
Total assets		**48,796**	37,752
Current liabilities			
Trade and other payables	18	**(9,163)**	(7,743)
Corporation tax liabilities		**(407)**	(333)
Borrowings	21	**-**	(750)
		(9,570)	(8,826)
Non-current liabilities			
Provisions	19	**(35)**	(45)
Lease incentives		**(1,059)**	(715)
Deferred tax liability	20	**(966)**	(882)
Long-term borrowings	21	**(7,000)**	(5,000)
		(9,060)	(6,642)
Total liabilities		**(18,630)**	(15,468)
Total net assets		**30,166**	22,284
Equity			
Share capital	22	**5,975**	5,322
Share premium	23	**21,348**	13,371
Merger reserve	23	**992**	992
Retained profit	23	**1,851**	2,599

Total equity	**30,166**	22,284

Consolidated cash flow statement

for the 53 weeks ended 1 January 2017

	Note	**53 weeks ended 1 January 2017 £'000**	**52 weeks ended 27 December 2015 £'000**
Operating activities			
Cash generated from operations	30	**5,368**	5,076
Corporation tax paid		**(600)**	-
Net cash inflow from operating activities		**4,768**	5,076
Investing activities			
Purchase of property, plant and equipment		**(11,652)**	(9,844)
Interest received		**1**	9
Net cash flows used in investing activities		**(11,651)**	(9,835)
Financing activities			
Net proceeds from issues of ordinary shares		**8,630**	52
Bank loan receipt		**6,250**	5,750
Bank loan repayment		**(5,000)**	(750)
Interest paid		**(214)**	(116)
Net cash flows used in financing activities		**9,666**	4,936
Net increase in cash and cash equivalents		**2,783**	177
Cash and cash equivalents as at 27 December 2015		**2,221**	2,044
Cash and cash equivalents as at 1 January 2017		**5,004**	2,221

Significant non-cash transaction

During the period the Company issued share capital for net proceeds of £8,630,000 (2015 - £52,000). The cash receipt was processed by the trading subsidiary and as such the transaction has been recorded through the inter-company account between the Company and the trading subsidiary.

Notes

forming part of the financial statements for the 53 weeks ended 1 January 2017

1 Accounting policies

(a) Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs").

(b) Basis of preparation
The financial statements cover the 53 week period ended 1 January 2017, with a comparative period of the 52 week period ended 27 December 2015. The financial statements are presented in sterling, rounded to the nearest thousand and are prepared on the historical cost basis.

(c) Changes in accounting policy
Standards, amendments and interpretations, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the EU, which were effective for the first time in the current financial year did not have a significant impact on these financial statements.

The following standards and interpretations (including updates and amendments) are not yet effective and have not been early adopted by the Group. The Group is assessing the impact these standards and interpretations will have on the presentation of results in future periods.

- IFRS 15 'Revenue from contracts with customers' - effective from 1 January 2018
- IFRS 9 'Financial Instruments' - effective from 1 January 2018
- IFRS 16 'Leases' - effective date to be confirmed

(d) Basis of consolidation
The consolidated financial statements incorporate the results of the Company and its subsidiary, Took Us A Long Time Limited. The accounting period of the subsidiary is co-terminous with that of the parent undertaking.

The merger method of accounting was used to consolidate the results of the subsidiary undertaking because the transaction was a Group reconstruction. The merger of the two companies took place on 26 June 2006 and the shares issued were recorded in the Company's balance sheet at nominal value of the shares issued plus fair value of any additional consideration. The difference between the nominal value of the shares issued and the nominal value of the shares acquired was taken to a merger reserve in the Group accounts.

(e) Revenue
Revenue represents amounts received and receivable for goods and services provided (excluding value added tax) in the normal course of business. Revenue is recognised at the point goods and services are provided.

(f) Pre-opening costs

Property rentals and other related overhead expenses incurred prior to a new restaurant opening are written off to the income statement in the period that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are written-off as incurred. These expenses are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

(g) Retirement benefits: Defined contribution schemes
Contributions to defined contribution pension schemes are charged to the consolidated income statement in the period to which they relate.

(h) Share based payments
The Company operates a number of equity-settled share-based payment schemes under which share options are granted to certain employees. The costs of equity-settled transactions are measured at fair value at the date of grant. Fair value is measured using the Black-Scholes or binomial model. In determining fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the Company's shares (market-based conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided all other conditions are satisfied. The fair value determined at the grant date is then expensed on a straight line over the vesting period, based on the directors' best estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The movement in the cumulative expense since the previous balance sheet date is recognised in the Income Statement, with the corresponding movement taken to equity.

Where the terms and conditions of options are modified before they vest or where options have been cancelled and reissued with modified terms, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

The grant by the Company of options over its equity instruments to the employees of its subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(i) Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the cost of sales line in the consolidated income statement.

The significant intangibles recognised by the Group and their useful economic lives are as follows:-

Intangible asset	Useful economic life
Trade marks	10 years

(j) Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives and it is calculated at the following rates:-

Leasehold improvements	over the period of the lease
Fixtures, fittings and equipment	10% per annum straight line

Restaurants under construction are included in Property, plant and equipment. No depreciation is provided on restaurants under construction until the asset is available for use.

All property, plant and equipment is reviewed for impairment in accordance with IAS36 Impairment of Assets, when there are indications that the carrying value may not be recoverable.

Property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset or a cash generating unit (CGU) exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose of the asset), the asset is written down accordingly. The Group view each restaurant as a separate CGU. Value in use is calculated using cash flows over a 10 year period discounted at 10%.

Impairment charges are classed as an exceptional expense and are shown on the face of the consolidated statement of comprehensive income.

(k) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

(l) Loans and receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. The Company's loans and receivables comprise only inter-Company receivables. Cash and cash equivalents include cash in hand and deposits held with banks.

(m) Financial liabilities

Financial liabilities include trade payables, accrued lease charges and other short term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less costs incurred up to the point of sale.

(o) Leased assets

Leases are classified as finance leases whenever the terms of the lease are such that they transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases. The Group currently has no finance leases. Assets leased under operating leases are not recorded on the balance sheet.

The total rentals payable under the operating leases are charged to the consolidated income statement on a straight-line basis over the lease term. Where the Group sub-let sites to tenants, the rental income and expense are offset within administrative expenses.

Lease incentives received, primarily rent-free periods, are capitalised and then systematically released to the income statement over the period of the lease term. Payments made to acquire operating leases are treated as pre-paid lease expenses and are amortised over the term of the lease.

(p) Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities recorded for reporting purposes and the amounts used for tax purposes.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

(q) Business combinations

The financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

(r) Goodwill

Goodwill represents the difference between the fair value of consideration paid and the carrying value of the trade and assets for each cash generating unit (CGU) acquired as going concerns.

Goodwill is stated as originally calculated less any accumulated provision for impairment. Goodwill is allocated to individual CGUs where each CGU is a restaurant and is subject to an impairment review at each reporting date.

(s) Share capital

The Group's ordinary shares are classified as equity instruments.

(t) Operating profit

Operating profit is stated after all expenses, but before financial income or expenses. Non-trading items are items of income or expense which because of their nature and the events giving rise to them, are not directly related to the delivery of the Company's restaurant service to its patrons and merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

2 Critical accounting estimates and judgements

The Group makes certain estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Share based payments

The Group operates equity share-based remuneration schemes for employees. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using valuation models, such as Black Scholes or binomial on the date of grant based on certain assumptions. Those assumptions are described in note 27 and include, among others, the dividend growth rate, expected volatility, expected life of the options (for options with market conditions) and number of options expected to vest.

(b) Accruals

In order to provide for all valid liabilities which exist at the balance sheet date, the Group is required to accrue for certain costs or expenses which have not been invoiced and therefore the amount of which cannot be known with certainty. Such accruals are based on management's best judgement and past experience. Delayed billing in some significant expense categories such as utility costs can lead to sizeable levels of accruals. The total value of accruals as at the balance sheet date is set out in note 18.

(c) Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

(d) Impairment reviews

In carrying out an impairment review in accordance with IAS 36 it has been necessary to make estimates and judgements regarding the future performance and cash flows generated by individual trading units which cannot be known with certainty. Past performance is often used as a guide in estimating future performance, or comparison with similar sites. Where the circumstances surrounding a particular trading unit have changed then forecasting future performance becomes extremely judgemental and for these reasons the actual impairment required in the future may differ from the charge made in the financial statements.

(e) Deferred tax

The deferred tax liability provided in the accounts is based on temporary difference between the tax written down values of assets and liabilities and their carrying values in the accounts and as such it is dependent on assumptions made in the Company's corporation tax computations. The assumptions on the proportion of certain elements of capital expenditure which will be eligible for tax relief are subjective and the final calculations agreed with HMRC could differ from the provision made in the financial statements.

3 Revenue and segmental analysis

The Group's activities, comprehensive income, assets and liabilities are wholly attributable to one operating segment (operating restaurants) and arises solely in one geographical segment (United Kingdom).

4 Operating profit

This has been arrived at after charging		**53 weeks ended 1 January 2017 £'000**	52 weeks ended 27 December 2015 **£'000**
Staff costs		**18,118**	13,730
Share based payments		**100**	133
Operating lease rentals		**4,656**	3,765
Amortisation of intangible assets		**2**	2
Depreciation		**2,043**	1,710
Amortisation of prepaid operating leases		**124**	170
Pre-opening costs		**642**	644
Exceptional costs - rebranding		**55**	-
Exceptional costs - impairment of lease premiums		**294**	-
Exceptional costs - impairment of property, plant and equipment		**3,576**	-
Auditor remuneration:			
Audit fee	- Parent Company	**10**	10
	- Group financial statements	**22**	22
	- Subsidiary undertaking	**6**	6
Other services	- Taxation compliance	**6**	6

5 Non-trading items - charged to administrative expenses

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Exceptional costs - rebranding	**(55)**	-
Exceptional costs - impairment of lease premiums	**(294)**	-
Exceptional costs - impairment of property, plant and equipment	**(3,576)**	-
Share based payments	**(100)**	(133)
	(4,025)	(133)

During the year a review of impairments and site performance was undertaken resulting in an impairment charge of £3,576,000 (2015 - £nil). In addition to writing down property, plant and equipment, in cases where lease premium has been paid to acquire a site which has subsequently been identified for impairment under IAS 36, this lease premium has been impaired.

Share based payments are valued at the date of grant and amortised over the vesting period, the current year charge is £100,000 (2015 - £133,000).

6 Finance expense

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Loan interest payable	**214**	116
	214	116

7 Employees

Staff costs (including directors) consist of	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Wages and salaries	**16,789**	12,699
Social security costs	**1,265**	979
Other pension costs	**64**	52
Equity settled share based payment expense	**100**	133
	18,218	13,863

The average number of persons, including directors, employed by the Group during the period was 1,019 of which 1,005 were restaurant staff and 14 were administration staff, (2015 - 846 of which 836 were restaurant staff and 10 were administration staff).

No staff are employed by the Company.

Of the total staff costs £17,191,000 was classified as cost of sales (2015 - £13,028,000) and £1,027,000 as administrative expenses (2015 - £835,000).

8 Directors and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and represent the Directors of the Group.

	53 weeks ended 1 January 2017	52 weeks ended 27 December 2015
	£'000	**£'000**
Directors remuneration		
Emoluments	**405**	320
Share based payments	**88**	71
Benefits in Kind	**6**	13
	499	404

	53 weeks ended 1 January 2017	52 weeks ended 27 December 2015
	£'000	**£'000**
Individual directors' emoluments		
J Plant	**120**	140
S Kaye	**110**	110
T Cundy	**105**	-
A Kaye	**40**	40
K Lassman	**30**	30
	405	320

In addition to the above, benefits in kind for the period were provided to J Plant of £nil (2015 - £5,000), S Kaye of £3,000 (2015 - £4,000) and A Kaye of £3,000 (2015 - £4,000).

Share based payments for the period that are attributable to the directors are £36,000 to J Plant (2015 - £31,000), £20,000 to S Kaye (2015 - £20,000), £20,000 to A Kaye (2015 - £20,000) and £12,000 to T Cundy. 500,000 (2015 - nil) options were exercised by Directors during the period, the gain on exercise was £225,000 (2015 - £nil).

Company
The Company paid no director emoluments during the year.

9 Income tax expense

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
UK Corporation tax		
Current tax on profits for the period	**(642)**	(333)
Adjustment in respect to previous years	**(34)**	
Total current tax	**(676)**	(333)
Deferred tax		
Utilisation of tax losses	**-**	(71)
Origination and reversal of temporary differences	**(123)**	(196)
Impact of change in future rate of taxation	**39**	-
Total deferred tax	**(84)**	(267)
Total income tax charge	**(760)**	(600)

The tax charge for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Profit / (loss) before tax	**(88)**	3,067
Tax on profit at the ordinary rate of corporation tax in UK of 20.0% (2015 - 20.25%)	**(18)**	621
Effects of		
Expenses not deductible for tax	**608**	8
Depreciation on ineligible fixed assets	**170**	80
Decrease in tax losses	**-**	(109)
Total tax charge	**760**	600

10 Earnings per share

	2016 Pence	2015 Pence
Basic earnings per ordinary share	**(1.56)**	4.64

	2016 Number '000	2015 Number '000
Earnings per share have been calculated using the numbers shown below:		
Weighted average ordinary shares (basic)	**54,314**	53,189
Dilutive shares to be issued in respect of option granted	**1,333**	697
Weighted average ordinary shares (diluted)	**55,647**	53,886

	2016 £'000	2015 £'000
Profit for the financial period	**(848)**	2,467

Due to the loss created by the impairment of PPE, all share options are considered anti-dilutive. 3,063,635 share options would otherwise be considered dilutive (2015 - 1,263,785). In the previous period 2,900,000 share options were excluded when calculating the adjusted diluted EPS as they were anti-dilutive.

11 Dividend

No final dividend has been proposed by the Directors (2015 - nil).

12 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 28 December 2014	3	441	444
Additions	28	-	28
Amortisation of trademarks	(2)	-	(2)
At 27 December 2015	29	441	470

Additions	5	-	5
Amortisation of trademarks	(2)	-	(2)
At 1 January 2017	32	441	473

The recoverable amount of goodwill has been determined on a value in use basis. This has been based on the performance of the units since they were acquired and management's forecasts, which assume the sites will perform at least as well as the market generally. The forecast cash flows cover a period of 5 years, assuming a growth rate of 2% and are discounted at a rate of 10%. Management has performed sensitivity testing on all inputs to the model and noted no highly sensitive variables. Goodwill has been allocated to CGUs as follows;

	1 January 2017 £'000	27 December 2015 £'000
Shaftesbury Avenue	**196**	196
Cambridge	**130**	130
Stratford-upon-avon	**65**	65
Loughton	**25**	25
Billiericay	**25**	25
	441	441

13 Property, plant and equipment

	Leasehold improvements £'000	**Furniture fixtures and computer equipment £'000**	**Assets in the course of construction £'000**	**Total £'000**
Cost				
At 28 December 2014	19,941	6,965	196	27,102
Additions	7,442	2,134	239	9,815
Disposals	-	-	-	-
Transfers	115	49	(164)	-
At 27 December 2015	27,498	9,148	271	36,917
Additions	9,510	1,626	187	11,323
Disposals	-	-	-	-
Transfers	237	-	(237)	-
At 1 January 2017	**37,245**	**10,774**	**221**	**48,240**
Depreciation				
At 28 December 2014	4,154	2,557	-	6,711
Provided for the period	958	752	-	1,710

Disposals	-	-		-
Impairment reversal		-	-	-
At 27 December 2015	5,112	3,309	-	8,421
Provided for the period	1,159	884	-	2,043
Impairments	3,322	254	-	3,576
At 1 January 2017	**9,593**	**4,447**	**-**	**14,040**
Net book value				
At 1 January 2017	**27,652**	**6,327**	**221**	**34,200**
At 27 December 2015	22,386	5,839	271	28,496

14 Prepaid operating leases

	1 January 2017 £'000	27 December 2015 £'000
Held within current assets	**124**	140
Held within non-current assets	**1,861**	1,936
	1,985	2,076

Prepaid operating leases represent lease premiums paid on the acquisition of sites, amortised evenly over the lease term.

15 Investments

	£'000
Company	
At 28 December 2014	2,652
Share based payment in respect of subsidiary	133
At 27 December 2015	2,785
Share based payment in respect of subsidiary	100
At 1 January 2017	2,885

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited, a company registered in England and Wales with registered offices at 32 Charlotte Street, London. Took Us a Long Time Limited is primarily engaged with the operation of restaurants.

16 Inventories

	1 January 2017 £'000	27 December 2015 £'000
Raw materials and consumables	**927**	774
Crockery and utensils	**1,538**	1,038
	2,465	1,812

In the Directors' opinion there is no material difference between the replacement cost of stocks and the amounts stated above. Inventory purchased and recognised as an expense in the period is £10,560,000 (2015 - £8,410,000).

17 Trade and other receivables

	1 January 2017 £'000	27 December 2015 £'000
Trade receivables	350	179
Prepayments and other receivables	4,318	2,498
Total trade and other receivables	4,668	2,677
Less non-current portion	(278)	(148)
	4,390	2,529
Company		
Amounts due from subsidiary	25,043	16,420
Total trade and other receivables	25,043	16,420
Classified as non-current	**25,043**	16,420

During the year the Company issued shares and passed the net proceeds of £8,630,000 (2015 - £52,000) to its subsidiary.

18 Trade and other payables

	1 January 2017 £'000	27 December 2015 £'000
Trade payables	**5,376**	3,309
Taxations and social security	**1,640**	1,142
Accruals and deferred income	**1,718**	2,810
Other payables	**429**	482
	9,163	7,743

19 Provisions

	1 January 2017 £'000	27 December 2015 £'000
At 27 December 2015	**45**	55
Utilisation in period	**(10)**	(10)
At 1 January 2017	**35**	45

20 Deferred tax

	1 January 2017 £'000	27 December 2015 £'000
At 27 December 2015	(882)	(615)
Profit and loss charge	(84)	(267)
	(966)	(882)
Accelerated capital allowances	(966)	(882)
Tax losses carried forward	-	-
At 1 January 2017	(966)	(882)

21 Borrowings

	1 January 2017 £'000	27 December 2015 £'000

Current		
Secured bank borrowings	**-**	750
	-	750
Non-current		
Secured bank borrowings	**7,000**	5,000
	7,000	5,000
	7,000	5,750

Maturity of secured bank borrowings		
Due within one year	**-**	881
Due In more than one year but less than two years	**738**	530
Due In more than two years but less than five years	**6,629**	4,741
	7,367	6,152
Future interest payments	**(367)**	(402)
	7,000	5,750

Bank borrowings comprise of a term loan of £7,000,000 (2015 - £5,000,000) and an additional committed facility of £5,000,000 (2015 - £3,000,000) of which £nil was drawn down at the balance sheet date. There were no instances of default, including covenant terms, in either the current or prior period. The bank loan is secured by a charge on Group assets and a cross guarantee from the parent and subsidiary company. The Company's maximum exposure to this loan is shown above.

22 Share capital

	Number	£'000
Authorised, issued, called up and fully paid:		
At 28 December 2014	53,048,436	5,305
Exercise of share options	166,888	17
At 27 December 2015	53,215,324	5,322
Exercise of share options	320,172	32,017
Share placing	6,210,000	621,000
At 1 January 2017	**59,745,496**	**5,975**

23 Reserves

Share capital comprises of the nominal value of the issued shares.

Share premium reserve is the amount subscribed in excess of the nominal value of shares net of issue costs.

Cumulative gains and losses recognised in the income statement are shown in the Retained deficit reserves, together with other items taken direct to equity.

The merger reserve is the difference between the nominal value of shares issued and the nominal value of shares acquired on merger.

24 Capital commitments

At the balance sheet date the Group and the Company had no capital commitments which were contracted but not provided for (2015 - £nil). Capital commitments relate to committed expenditure in respect of restaurants under construction.

25 Operating lease commitments

The total future value of minimum lease payments under non-cancellable operating leases are shown below. The receipts are from sub-tenants on contractual sub-leases, the net position represents the cash liability of the Group.

	1 January 2017 £'000	27 December 2015 £'000
Within one year: payments	**5,624**	4,465
Within one year: receipts	**(230)**	(230)
	5,394	4,235
Within two to five years: payments	**22,170**	17,679
Within two to five years: receipts	**(920)**	(920)
	21,250	16,759
Over five years: payments	**70,644**	57,161
Over five years: receipts	**(3,417)**	(3,647)
	67,227	53,514
	93,871	74,508

26 Pensions

The Group, last year, made contributions of £nil to the personal pension plan of the Directors. The total amount paid during the period was £nil. During the year the Group made contributions to employee pensions of £64,000 (2015 - £52,000).

27 Share based payments

	Weighted average exercise price (pence)	Number '000
At 28 December 2014	80.6	3,114
Exercised	31.3	(167)
Cancelled	112.0	(20)
Granted	114.0	1,237
At 27 December 2015	92.4	4,164
Exercised	84.7	(665)
Cancelled	126.1	(45)
Granted	146.7	210
At 1 January 2017	**96.5**	**3,664**

The exercise price of options outstanding at the end of the period ranged between 31.5p and 147p (2015 - 31.5p and 139p) and their weighted average remaining contractual life was 7 years (2015 - 8 years).

Of the total number of options outstanding at the end of period 2,240,000 (2015 - 2,505,000) had vested and were exercisable at the end of the period with a weighted average exercise price of 81p.

The market price of the Company's ordinary shares as at 1 January 2017 was 144p and the range during the financial year was from 136.5p to 195p.

On 11 November 2016 the Company issued 179,850 options in the Company Share Option Plan ("CSOP"). These options have an exercise price of 147p, a vesting period of 3 years and a contractual life of 10 years. On 6 December 2016 the Company issued a further 30,000 options in the CSOP with an exercise price of 145p, a vesting period of 3 years and a contractual life of 10 years.

In the current period 665,000 (2015 - 166,888) options were exercised. The weighted average share price at the date of exercise was 84.7p (2015 - 31.3p).

The following information is relevant in the determination of the fair value of options granted during the period under the equity settled shared based remuneration schemes operated by the Group.

	CSOP	CSOP
Option pricing model used	Binomial	Binomial
Weighted average share price at grant date (pence)	147.0	145.0
Exercise price	147.0	145.0
Vesting period	3 years	3 years
Contractual life	10 years	10 years
Expected volatility	23%	23%
Expected dividend growth rate	0%	0%
Staff turnover	12%	12%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three periods.

28 Financial instruments

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

The Group does not have any material exposure to currency risk or other market price risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:-

- loans and borrowings
- trade receivables
- cash and cash equivalents
- trade and other payables

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of the financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from rebates from suppliers.

Trade and other receivables, which are neither past due nor impaired, are disclosed in note 17 and represent the maximum credit exposure for the Group.

The Group's principal financial assets are cash and trade receivables. There is minimal credit risk associated with the Group's cash balances. Cash balances are all held with recognised financial institutions. Trade receivables arise in respect of rebates from a major supplier and therefore they are largely offset by trade payables. As such the net amounts receivable form an insignificant part of the Group's business model and therefore the credit risk associated with them is also insignificant to the Group as a whole.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Group seeks to manage its financial risk to ensure that sufficient liquidity is available to meet foreseeable needs both in the short and long term (note 21). The Board consider detailed cash flow forecasts together with future obligations from capital projects in progress and the resulting impact on its cash balances.

Interest rate risk

The Group seeks to minimise interest costs by regularly reviewing cash balances.

Interest rate risk arises from the Group's use of interest bearing financial instruments. This is the risk that the future cash flows of the financial instrument will fluctuate because of changes in the interest rates.

The Group is exposed to cash flow interest rate risk from long term borrowings at variable rate. The Group does not seek to fix interest rates on these borrowings because the Board considers the exposure to the interest rate risk to be acceptable.

Surplus funds are invested in interest bearing, instant access bank accounts. The Group also holds short term deposit accounts in relation to tenant deposits received on sublet sites.

Loans and borrowings

The Group has a loan facility with Barclays Bank Plc. Under the terms of the facility the Group may borrow up to a maximum of £5.0m on flexible loan terms and £7.0m on a 5 year fixed term. Interest on this facility is charged at 1.7% above LIBOR plus a variable charge for mandatory associated costs of the lender for all amounts drawn down, with a 0.68% charge on any amounts of the facility that is not drawn down.

At 1 January 2017 if the Bank of England base rate had been 1% higher / lower with all other variables held constant this would not have resulted in any significant variance in the profit or loss or net assets of the Group.

The bank loans are secured by a legal charge over the issued share capital of the Group companies, a legal charge over all the Group's trading sites, and a cross guarantee between Group companies.

Capital disclosures

The Group considers its capital to comprise the ordinary share capital, share premium and retained earnings.

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in the light of strategic plans. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

29 Related party transactions

The Directors are considered to be the key management personnel. Details of directors remuneration is shown in note 8.

The Group pays rent and associated insurance to a number of companies considered related parties by virtue of the interests held by the directors in such companies. The Group also reimburses expenses incurred by such companies on behalf of the Group. The Group receives income from related parties for fees in relation to consultancy services offered.

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Rent and insurance		
- Kropifko Properties Ltd	**(380)**	(371)
- KLP Partnership	**(152)**	(336)
- ECH Properties Ltd	**(68)**	(69)
- Proper Proper T Ltd	**(105)**	-
Expenses reimbursed	**(8)**	(6)
Income	**-**	-
Balance due to related parties	**-**	4
Balance due from related parties	**-**	-

The rent paid to related parties are considered to be a reasonable reflection of the market rate for the properties.

30 Reconciliation of profit before tax to net cash inflow from operating activities

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Group		
Profit before tax	**(88)**	3,067
Finance income	**(1)**	(9)
Finance expense	**214**	116
Share based payment charge	**100**	133
Depreciation and impairment	**6,034**	1,710
Amortisation of intangible assets	**2**	2
Onerous lease provision movement	**(10)**	(10)
(Increase) / decrease in inventories	**(653)**	(761)

(Increase) / decrease in trade and other receivables	**(1,330)**	(535)
Increase / (decrease) in trade and other payables	**1,100**	1,363
	5,368	5,076